

**NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION**

Title: Cash Management Policy

Administering Authority: Chief Fiscal Officer

Statutory Authority: G.S. 147-77 Executive Budget Act

Effective Date: June 1, 2011

Purpose: To provide specific guidelines for cash management. For purposes of this policy, cash management includes funds in any form of currency, coins, checks, money orders, credit/debit cards and electronic funds transfers. All divisions or commissions receiving cash are responsible for complying with the cash receipting requirements of this policy. In addition, divisions/commissions receiving cash or checks as a part of their normal operation are responsible for maintaining a receipting process consistent with agency policy, which may include additional policies and procedures with key internal controls tailored to the specific unit.

Scope: This policy applies to all Divisions and Commissions organized under NC Department of Administration.

Policy: It is the policy of the Department of Administration to follow techniques and procedures for the receipt, deposit and disbursement of monies coming into its control and custody which are designed to maximize interest-bearing investment of cash, and minimize idle and nonproductive cash balances according to North Carolina law, Chapter 147-86.10 of the General Statutes.

Cash Management Policy over Receipts:

All divisions and commissions that intend to receive cash or check receipts as a part of the normal operation must request cash management receipting privileges from the Office of Fiscal Management and receive advance approval for conducting each receipting purpose.

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, the following rules apply:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

- b. Monies received in trust for specific beneficiaries for whom the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G.S. 147-69.3.
2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law. The Department makes deposits with the Department of State Treasurer as well as cash concentration banks, timing the deposits in order to get current day's credit. The State Treasurer has designated the cash concentration banks used by the Department. For deposits made at the State Treasurer's teller window, the cut-off is 12:00 noon. Deposits made with a cash concentration bank; the cut-off time for receiving current day's credit is 2:00 p.m.

Only the Office of Fiscal Management is allowed to open a depository account through the Department of State Treasurer. No division of the NC Department of Administration is allowed to open a depository account. Requests to establish a depository account should be in writing to the Chief Financial Officer (CFO, Office of Fiscal Management.

3. Monies due to the Department from other governmental agencies or from private agencies and persons are promptly billed, collected and deposited. Invoices and/or billings for goods sold and services rendered are generated on at least a monthly basis; however, they may be generated more often depending on the particular operation.

Any division/commission that will be manually invoicing other divisions, departments, other organizations or individuals, must by July 1 of each fiscal year obtain from Office of Fiscal Management an authorized sequence of invoice numbers unless the division has an electronic invoicing system.

All manually generated billings must be on standard pre-numbered invoice forms obtained from the Office of Fiscal Management. These invoices are not for the purpose of replacing existing computer generated billing systems, but are to be used for miscellaneous billings previously sent out as "memo billings" or other billings manually generated.

Collections of NC Department of Administration invoices are the responsibility of the division. Collection procedures and timing are specified by state law and cash management procedures.

The Department will comply with the statewide accounts receivable policies and procedures in accordance with G.S. 147-86.21:

- All accounts between 1 – 30 days past due are contacted for payment. Accounts between 31-60 days past due will receive a second and final past-due notification. After 60+ days past due, the Department will complete the appropriate submittal form (Form 3) and send to the Attorney General's Office for collection in accordance with G.S. 147-86.11(e)(4).
- The Department will file claims with the Department of Revenue against individual income tax refunds for past due indebtedness in accordance with G.S.

105A, Setoff Debt Collection Act, provided both the debt and refund, if any, are at least fifty dollars (\$50.00).

- The Department's Chief Financial Officer approves all write-offs of accounts receivable on an annual basis and reports to Office of the State Controller (OSC).
 - As the major portion of the Department's accounts receivable are for services billed to other state agencies, no policy has been established regarding assessment of late payment interest and penalty fees.
 - In accordance with reporting requirements identified under G.S. 147-86.26, the Department provides OSC a complete report of accounts receivable at least quarterly or more frequently as required by the State Controller.
4. Unpaid billings, of any dollar amount, due to the Department shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing. The Department will handle these unpaid bills pursuant to agency debt collection procedures identified in the previous item.
 5. Federal funds received for federal assistance programs, governed by the Cash Management Act of 1990, are drawn in accordance with the current State/Federal Agreement. Federal funds are requested from federal agencies through the following electronic communication systems: SmartLink, Governmental Accounting Processing System (GAPS), Automated Standard Application for Payments (ASAP), Division of Payment Management (DPM). An "ACH" certification of deposit is prepared and submitted in CMCS according to the State Controller's Cash Management Manual. After the State Treasurer approves funds in CMCS, an entry is made in NCAS crediting the respective revenue account. All federal funds are deposited into Budget Code 34100 before transferring to operating codes. Federal grant payments are received by wire transfer when possible.
 6. All federal fund draws are timed so that the funds are on deposit with the State Treasurer no more than two business days prior to the disbursement. Procedures are included in the previous item.
 7. The Department, in accordance with G.S. 147-86.22, accepts electronic payments to the maximum extent possible and consistent with sound business practices. Inter/Intra Governmental Payments (IGO) are processed according to procedures issued by the Office of State Controller.
 8. The Department also accepts credit cards in accordance with OSC Statewide Electronic Commerce Program, Merchant Card Program. The Department employs proven techniques, which improves cash handling as identified in items #2 and #5 above.

Cash Management Policy over Disbursements

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a

negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules apply:

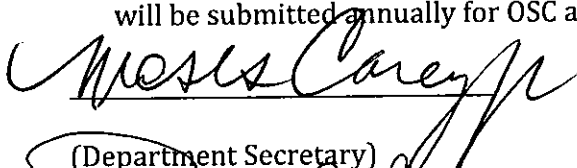
1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143C, regardless of whether the State agency disbursing or expending the monies is subject to the Act.
3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.

Disbursement cycle for the Department has been established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. Check printing is scheduled twice weekly with exception of holidays.

5. Electronic Funds Transfer (EFT) shall be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties. The disbursement cycle is the same as item #4 above with no paper checks printed, funds are transferred electronically by OSC.

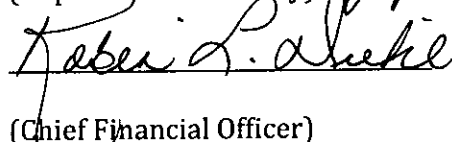
If a division anticipates receiving electronic payments, the Office of Fiscal Management **must be** notified in advance to allow proper coordination between the NC Department of Administration, Vendor's Bank, and the State Treasurer's Office.

6. Regardless of whether changes have occurred since the last submission, the "Delegation of Disbursing Authority" agreement completed by the CFO and signed by the Secretary will be submitted annually for OSC approval.


(Department Secretary)

6/16/11

(Date)


(Chief Financial Officer)

6/16/11

(Date)

(State Controller)

(Date)

CASH MANAGEMENT PROCEDURES:

Cash Receipting Privileges

Prior to receiving any funds, agencies must request authorization for each receipting purpose by submitting a "Request for Cash Receipting Privilege" and a "Cash Receipting Requirements" forms to the Budget Officer in the Office of Fiscal Management. These forms are available in the Office of Fiscal Management and on the Fiscal webpage.

The Budget Officer in the Office of Fiscal Management will review the request and, if appropriate, grant tentative approval, pending completion of mandatory training. The Cash Management Accountant will provide training on proper cash management procedures.

When receipting purposes change or when there are receipting personnel changes, divisions and commissions must notify the Office of Fiscal Management by submitting a new request for receipting privileges to their Fiscal budget officer.

Cash receipting privileges must be renewed annually by submitting "Request for Cash Receipting Privilege" and a "Cash Receipting Requirements" forms to the Budget Officer in the Office of Fiscal Management by July 1 of each fiscal year.

The Office of Fiscal Management will provide an initial receipt book for divisions/commissions. The Office of Fiscal Management will provide quarterly training for all new depositors or changes in staff that occur during the quarter. Please notify your Fiscal Budget Officer of these changes in order to provide advance notice of quarterly training.

Segregation of Duties

Duties of employees should be appropriately separated between the receiving of NC Department of Administration receipts and the recordkeeping and preparation of deposits with the NC Department of Administration Cash Management section. No one person should be responsible for all these functions.

Custody and Safekeeping of Receipts

Division/Commission heads should make certain that proper safekeeping facilities are available and that proper safeguards are taken to protect NC Department of Administration funds until they are appropriately deposited with the NC Department of Administration Office of Fiscal Management or as otherwise designated. Cash should never be transmitted through interoffice mail. The number of employees having access to monies stored in a division/commission should be limited. Cash should not be left unsecured overnight. The receipt book must be stored in a secure place.

Receiving and Recording NC Department of Administration Receipts
By Divisions:

Several divisions/programs in DOA receive cash or checks for parking, registrations, sales of publications, reimbursement for copies made of materials, etc. for which receipts must be written. A pre-numbered, standard receipt book must be obtained from Office of Fiscal Management and a signed receipt written for all monies collected. All funds collected and yellow copies of receipts issued must be submitted to the Cash Management Section of Fiscal Management by 3:00 pm each day with the exception of receipts from Visitor Parking Lots. Receipts from Visitor Parking Lots are due to Cash Management by 10:00 am each morning. The Cash Management Section will verify that the copies of receipts match the funds submitted and shall issue a receipt for the total amount to the person delivering the funds. The Cash Management Section will deposit the funds daily with the State Treasurer and credit the proper program/division. The transaction is posted the following business day to your division account.

All checks in payment of amounts due the NC Department of Administration must be made payable to the "NC Department of Administration" plus Division/Commission. Checks should not be made to division or commission, division or commission heads, or any NC Department of Administration officials or employees designated by name. If checks of a repetitive nature are received without the proper payee designation, the drawer should be informed to make future checks payable to "NC Department of Administration" plus Division/Commission.

Pre-numbered Receipt Books

The Office of Fiscal Management will issue authorized divisions pre-numbered receipt books for recording cash and checks. All receipt books must be kept in a secure place. The receipts books are consecutively numbered and printed in triplicate.

The Division writes a receipt to all individuals giving cash or checks to DOA.

- the original receipt (white) goes to the individual
- the pink copy remains in the receipt book assigned the division
- the yellow copy goes to Fiscal Management –Cash Management

The Division is responsible for submitting funds along with the yellow copy of the receipt to Fiscal Management- Cash Management Section.

Division Deposit Procedures:

1. Endorse each check with endorsement stamp For Deposit Only To the Credit of The NC State Treasurer By (Your Division/Commission Name), NC Department of Administration.
2. The Division should perform reconciliation prior to deposit with the Office of Fiscal Management as follows:
 - **Total the amount of cash and checks counted for deposit:**
Cash \$_____ + Checks \$_____ = Total \$_____
(a) (b) (a) + (b) totals must equal
 - **Total the amount of receipts in the receipt book for the day.**

The total cash and checks for the day should agree with total copies of receipts for that day being sent to Fiscal Management.

When totals do not agree, they must be researched and reported to the appropriate division authority prior to depositing funds. Missing payments must be reported to the Office of Fiscal Management and State Capital Police. All division records are subject to Internal Audit review.

3. Make an adding machine tape of all checks. Attach the tape to the package.
4. All funds collected and copies of receipts issued must be hand delivered to the Cash Management Section of Fiscal Management by 3:00 pm each day in order to comply with the twenty-four hour deposit requirement. Receipts from Visitor Parking Lots are due to Cash Management by 10:00 am each morning. The Cash Management Section is open each workday from 8:00 a.m. to 4:30 p.m.

The Cash Management Accountant, in the presence of the division personnel delivering the funds:

- counts cash
- runs a calculator tape on the checks and
- verifies this against funds and receipt copies being submitted for deposit
- The Cash Management Accountant writes a receipt from the Fiscal Management receipt book (total cash/checks) to the division personnel for the amount of funds received.

The Division personnel upon receiving a receipt from Fiscal Management:

- takes the receipt back to their division and
- staples it to their receipt book acknowledging delivery of funds to Fiscal Cash Management Section.

The Divisions are responsible for all pre-numbered receipts.

- All copies, including voided pre-numbered receipt forms, must remain in the receipt book, be maintained in the division and made available to authorized NC Department of Administration Fiscal Personnel when requested.
- The completed original pre-numbered receipt form "Payor" copy must be made available to any individual who pays cash to a division.

To obtain a new receipt book, return the used receipt book to the NC Department of Administration Budget Officer

Reconciliation

By the 30th of each month, divisions should prepare reconciliation by account of all receipts they deposit that month with Fiscal Management. Using their BD 701 budget reports, Divisions should:

- compare total revenue deposited with Fiscal Management by adding their receipts for the month shown in their receipt books with the revenue accounts showing on their BD701
- Any differences should be reconciled and
- documentation of monthly reconciliations should be maintained on file for review by the NC Department of Administration Office of Fiscal Management or auditors.

The division is responsible for verification of the accuracy of deposit postings to NCAS and their BD 701 reports. Upon verification, if any error is detected, Divisions must immediately notify their Budget Officer in Fiscal Management via email for the proper correction.

You should be able to compare your records with the electronic receipt to your division account (NCAS), usually within two business days after submission to the Office of Fiscal Management.

Department of Administration Invoices

By July 1st of each fiscal year, any division/commission that will be invoicing other divisions, departments, other organizations or individuals using manually generated invoices must obtain standard pre-numbered forms from the Office of Fiscal Management. These invoices are not for the purpose of replacing existing computer generated billing systems, but are to be used for miscellaneous billings previously sent out as "memo billings" or other billings manually generated. Instructions on the invoice should state the payment terms are "Net 30 Days". No alterations to the instructions should occur.

Divisions should prepare DOA invoices and send the pink copy to Fiscal Management. Accounting clerks/technicians verify the accuracy of the payment to Division accounts receivable where appropriate, records information by budget code and center on a Daily

Cash Reconciliation (DCR) form, prepares a Cash Receipt Journal Voucher (type 21) for entry in the North Carolina Accounting System (NCAS), and returns all work to the Cash Management Accountant by 10:00am. A Document ID number is assigned to all Cash Receipt Journal Voucher entries.

Invoice Collection Procedure:

Collections of NC Department of Administration invoices are the responsibility of the division. Collection procedures and timing are specified by state law and cash management procedures issued by the Office of State Controller.

Diligent efforts should be made to collect outstanding accounts as early as possible after the 30-day allowable payment period has elapsed. State law requires that unpaid accounts past due no more than 60 days after the due date of the billing be turned over to the Attorney General for collection. The Attorney General is the only office that can authorize an account to be written off as uncollectible.

To assist departments in collecting receivables, the Office of Fiscal Management furnishes departments with an aged listing of outstanding invoices. Based on this aging or other internal report, appropriate written contacts should be made with the customer. The Office of Fiscal Management will identify accounts more than 90 days past due, and will automatically turn over such accounts to the Attorney General for collection. The Office of Fiscal Management will be responsible for monitoring the status of the accounts which have been turned over for collection.

Division Procedures:

Appropriate written contact should be made with the customer. Letters which divisions use to collect past due accounts should be designed to be issued at regular intervals and grow progressively more demanding during a 60 day period. It is required that written notification be sent to the debtor prior to turning an account over to the Attorney General.

The Office of Fiscal Management has prepared three suggested model letters which departments may use to collect past due accounts.

It is the responsibility of the division to notify the Office of Fiscal Management in writing prior to the invoice becoming 60 days past due.

It is the responsibility of the department to notify the Chief Fiscal Officer in writing prior to the invoice becoming 90 days past due if an invoice should not be turned over due to receipt of partial payments, disputed follow up will not be considered a valid justification for not turning over an invoice.

Age of Accounts	
1-30 days past due	Mail first past-due letter. Make phone contact. Receive a promise to pay.
31-60 days past due	Mail second and final past-due letter. Send confirmation letter for repayment. Refer to Fiscal Management for Attorney General's Office.
61+ days past due	CFO completes appropriate submittal forms and sends to the Attorney General's Office, or the agency legal counsel. Refuse additional service to the delinquent debtor where this does not conflict with Federal and State laws

Notification of Bankruptcy

If any Division receives a Notification of Bankruptcy, where a NC Department of Administration invoice is involved, please send a copy of the Notification of Bankruptcy immediately to the CFO in the Office of Fiscal Management. All communications should cease between the divisions/commissions and the companies who have declared bankruptcy. The Office of Fiscal Management will forward the necessary documentation to NC Department of Administration's Counsel's office at which time the legal matters will be handled.

Employee Collections

Two additional collection procedures provided by G.S. 143-553(a) state that "all persons employed by an employing entity who owe money to the state and whose salaries are paid in whole or in part by state funds must make restitution of the amount owed as a condition of continuing employment".

The employee is allowed a reasonable period of time to make the repayment. Employment shall be terminated if the employee ceases to make payments or discontinues a good faith effort to make repayment. Chapter A of the General Statutes authorizes the Department of Revenue to assist claimant agencies, per request, in the collection of qualifying delinquent accounts.

NC Department of Administration's CFO should be contacted to determine the appropriate steps in handling receivables that should be processed regarding employees under G.S. 143-553.

DEBT SET OFF

The NC Dept. of Revenue will identify those persons entitled to individual income tax refunds of at least \$50 and upon receipt of a final certification of the debt from the responsive claimant agency, set-off the applicable amount. The NC Dept. of Revenue charges a 15% collection fee on amounts offset. To utilize either of these two procedures, it is necessary to have the debtor's social security number. For this reason, the appropriate number should be obtained prior to providing goods or services to an individual.

All other inquiries concerning collection problems, delinquent accounts, or further clarification of NC Department of Administration invoice procedures should be directed to the CFO in the Office of Fiscal Management.

May 9, 2011

North Carolina Department of Administration
REQUEST FOR CASH RECEIPTING PRIVILEGE

☐ **Permanent Privileges:**
Attach Cash Receipting
Requirements form.

☐ **Revision: Complete this form in**
its entirety.

☐ **Temporary Privileges:**
Attach Cash Receipting
Requirements form.

TO: Chief Fiscal Officer

FROM:

DATE:

The following is a request for authorization for cash receipting privileges:

Division/Commission:

Employee Authorized to Receive Cash	Job Title	Telephone Number	Email Address
Primary: <input type="text"/>			
Alternate(s): <input type="text"/>			

Note: The primary contact person denotes the person responsible for overseeing the receipting activity and maintaining a receipting process consistent with Administration policy.

Purpose for Receipt of Cash:	NCAS-6-Digit Account(s) to Receive Funds

Your signature indicates that you are requesting cash receipting privileges based on the above information.

Division/Commission Head

Phone

Date

Distribution: Send original and one photocopy to the Fiscal Budget Officer. Attach Cash Receipting Requirements form as specified above.

Authorized:

Chief Fiscal Officer

Date

Mandatory training has been completed for all employees authorized to receive cash.

Fiscal Accounts Receivable

Date

North Carolina Department of Administration

CASH RECEIPTING REQUIREMENTS

Prior to granting or continuing cash receipting privileges, the following questions must be answered to properly evaluate your needs.

☐ What type of payments will be received?

☐ Cash
☐ Check

☐ Credit Card
☐ Electronic Funds

☐ How often will the department receive payments?

☐ Daily
☐ Weekly

☐ Monthly
☐ Other, specify: _____

☐ For the period checked, what is the anticipated average amount of payment?

☐ Who are your payments received from?

☐ Staff Members
☐ Customer Vendors

☐ Participants
☐ Other, specify: _____

☐ How are the payments received?

☐ In Person
☐ Mail

☐ Phone
☐ Web/Electronic

☐ What equipment will you need to process transactions?

☐ Cash Register
☐ Credit Card Processor

☐ Debit Card Reader
☐ Other, specify: _____

Note: Equipment purchases must be pre-approved by the Chief Fiscal Officer; each Division will incur cost.

☐ How will all non-deposited payments be safeguarded?

☐ Locked safe
☐ Other, specify: _____

☐ Where will your payment activity be performed?

☐ On-site, note bldg/office: _____
☐ Off-site, note address: _____
☐ Other, specify: _____

☐ How will you transport your deposits to the Administration Office of Fiscal Management?

☐ Does the depositor (employee) have or perform any of the following?

☐ Delegated signature authority for supervisors/managers

☐ Prepare miscellaneous billings, specify method: _____

- ☐ Who will perform the following functions within your department?

Prepared by: _____ Date _____
Printed

Approved by: _____ Date _____
Departmental Head/Budget Authority